Press Release
16.11.2026

Directorate of Enforcement (ED), Bengaluru Zonal Office, has **filed a Prosecution Complaint (PC)** under Sections 44 and 45 of the Prevention of Money Laundering Act, 2002 (PMLA), before the **Hon'ble Special Court for PMLA Cases (CCH-4), Bengaluru**, in the case of **KPSC Recruitment Scam**, against **Shivashankarappa Sahukar, the then Chairman, Karnataka Public Service Commission (KPSC), Smt. B V Geetha Shivamurthy, Member, KPSC, Gyanendra Kumar Gangwar, IAS, the then Controller of Examinations (CoE), KPSC,** and **Basavaraj Kannale**, for the offence of money laundering under Section 3, punishable under Section 4 of the PMLA, 2002.

ED investigation was initiated on the basis of 03 FIRs registered by the Vidhana Soudha Police Station, Bengaluru, for offences under Sections 318(3), 318(4), 336(2), 336(3) and 340(2) of the Bharatiya Nyaya Sanhita, 2023, relating to the irregularities in the recruitment examination for 400 posts of Veterinary Officer in the Department of Animal Husbandry & Fisheries of the state government of Karnataka, held on 09/01/2026, and also submission of false certificates in the KPSC recruitments.

Investigation has revealed that the then Chairman, a Member and the then CoE of the KPSC, in conspiracy with Basavaraj Kannale and others, **abused their official positions and induced candidates to pay illegal gratification in exchange for assured selection**, through

(i) leakage of question papers with the correct answers marked,
(ii) leakage of candidate-specific correct answer keys, and
(iii) Exploitation of the 1:3 eligibility list.

Further investigation has revealed that **Gyanendra Kumar Gangwar, being the custodian of the confidential question papers, copied the question papers of the Veterinary Officers' examination, along with the correct answers, at the final draft stage and handed them over in a pen drive to his close associate, Basavaraj Kannale**, and later destroyed the device used for copying. Basavaraj Kannale took printouts and circulated them among candidates at villas booked off-record on the outskirts of Bengaluru, one day before the examination. **He collected Rs.1.52 Crores, out of Rs.3.20 Crores demanded from 10 candidates**, of which Rs.92 Lakhs was received through banking channels and Rs.60 Lakhs in cash, and secured the balance through blank signed cheques and promissory notes. He thereafter destroyed the pen drive and burnt the printed question papers.

Further, **at the instance of Shivashankarappa Sahukar, Gyanendra Kumar Gangwar provided the correct answer keys of six candidates to Smt. BV Geetha**, just prior to the examination, in return for an assurance of higher interview marks in the KAS examination for a candidate of his choice. **Shivashankarappa Sahukar collected Rs.10 Lakhs in cash from one candidate, against the negotiated amount of Rs.20 Lakhs, and Smt. B V Geetha collected Rs.20 Lakhs in cash from another candidate in her car on 08/01/2026, against the total demanded amount of Rs.40 Lakhs**.

The **illegal gratification so derived was collected in cash and also through the bank accounts** of M/s. Om Laxmi Souharda Sahakari Sangha Niyamita, Bhalki (Bidar), and other third parties, parked in bogus savings accounts and routed through the accounts of the Accountant of Basavaraj Kannale, his proprietorship concern M/s. Bhagavati Enterprises, and his friends. **Gyanendra Kumar Gangwar acquired around Rs.1.52 Crores of the Proceeds of Crime in cash from Basavaraj Kannale**, out of which gold and diamond jewellery worth Rs.52.30 Lakhs was purchased in the name of his fiancée, and air travel expenses of Rs.13.31 Lakhs were met through third-party accounts. Basavaraj Kannale also introduced unexplained cash into the banking channel through multiple small cash deposits projected as business receipts, and layered cash in the form of loans, which was concealed in immovable properties registered in his own name and in the names of his relatives.

Investigation has also revealed that **Shivashankarappa Sahukar possessed and concealed cash of Rs.3.99 Crores during Aug'2025 to Dec'2025 (*and Rs.8 Crores to Rs.10 Crores earlier*), by parking it outside the books with a real estate developer**, which is wholly disproportionate to his known sources of income. He also transferred funds to Smt. B V Geetha and her daughter, and planned to use the Proceeds of Crime for constructing a school, convention hall and restaurant on his land at Madraki, Shahapur, through a front. **Smt. B V Geetha acquired Rs.1 Crore in the guise of 'unsecured loans'**, in her own name and in the name of her daughter, routed through structured cash deposits and the bank accounts of the family members of another Member of the KPSC, without any agreement, security or repayment.

Accordingly, the PC has established the involvement of **Shivashankarappa Sahukar in Proceeds of Crime to the tune of Rs.4.17 Crores, Smt. Geetha B V Shivamurthy to the tune of Rs.1.48 Crores, and Gyanendra Kumar Gangwar and Basavaraj Kannale to the tune of Rs.1.52 Crores each** (approx.), in the acquisition, possession, use and concealment of Proceeds of Crime and projecting the same as untainted property.

Earlier, ED conducted searches under Section 17 of the PMLA, 2002 at 37 premises, including the KPSC office, and **arrested Basavaraj Kannale on 17/09/2026, Gyanendra Kumar Gangwar on 18/09/2026, and Shivashankarappa Sahukar and Smt. Geetha B V Shivamurthy on 06/10/2026**, under Section 19 of the PMLA, 2002. Shivashankarappa Sahukar, Gyanendra Kumar Gangwar and Basavaraj Kannale are presently in judicial custody. Further, **properties worth Rs.1.22 Crores belonging to the accused have been provisionally attached** vide Provisional Attachment Order No. 43/2026 dated 13/11/2026.

Further investigation, including the role of other KPSC officials and middlemen in exploiting the 1:3 eligibility list is under progress.